

Foreign Trade Zone:

In the United States, a foreign-trade zone (FTZ) is a geographical area, in (or adjacent to) a United States Port of Entry, where commercial merchandise, both domestic and foreign receives the same Customs treatment it would if it were outside the commerce of the United States. Merchandise of every description may be held in the zone without being subject to tariffs (customs duties) and other ad valorem taxes. This tariff and tax relief is designed to lower the costs of U.S.-based operations engaged in international trade and thereby foster global competitiveness.

FTZ #203 was originally established in 1994 and converted to an Alternate Site Framework (ASF) in 2010, this will allow business in Douglas County to benefit from this tremendous asset.

FTZ Benefits:

U.S. FTZs pose multiple benefits, other than duty deferral and inverted tariff's, which companies can use to benefit their bottom line. However, companies are not utilizing FTZs, because sometimes the unknown creates uncertainty.

Some of the benefits of operating an FTZ include:

- **Spare parts:** Spare parts can be held in an FTZ without U.S. Customs duty payment, generating cash flow savings. Obsolete parts can be destroyed in the FTZ without duty payment.
- **Quota restriction avoidance:** Imported quota merchandise can be warehoused in the FTZ duty free until the next quota period opens.
- **Temporary removal:** Imported goods can be removed from the FTZ for 120 days while under bond for exhibition or repair.
- **Reduce inventory taxes:** Goods imported and warehoused in an FTZ, as well as tangible personal property produced in the U.S. and held in the Zone for exportation, are not subject to state and local value-added taxes. Most state and county tax authorities exempt all merchandise in an FTZ from inventory taxation.
- **Duty reduction or elimination:** Goods can be manipulated or manufactured into something that has a lower or exempt classification (requires permit).
- **Damaged, destroyed or waste:** Duties can be avoided on defective or damaged goods by inspecting and testing imported goods within an FTZ.
- **FTZ weekly entry:** Entry and Merchandise Processing Fee (MPF) are paid weekly, rather than daily, saving time as well as brokerage fees.

Qualifying Questions:

1. How much do you spend on duties per year?
2. What is the value of your imported merchandise annually?
3. Do you re-export, modify, manufacture or re-package your imported goods?
4. How many customs entries do you make a year?
5. Has your business been affected by supply chain delays at ports of entry?

Conclusion Summary:

Some of the benefits include:

- direct to site delivery
- unlimited storage time and quantity
- reduced or eliminated duties
- destruction of damaged or waste goods
- weekly entry
- quota avoidance

When delays can cost millions, an FTZ will provide a cost-effective way to manage your inventory and reduce fees.

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